

Commonwealth of Kentucky
Last Date of Entry

General

Statewide Accounting Services can now directly access agencies' CAFR reportable equipment (vehicles, software, intangibles, and works of art) through the MARS system. Therefore, detailed reconciliation forms are not necessary. The only information your agency must supply for the closing package is the last calendar day on which fiscal year **2006 activity was accepted** by the MARS system for acquisitions, dispositions, modifications and transfers. The dollar threshold for CAFR reportable equipment is: \$5,000.00 for furniture, fixtures, office machines, heavy machinery and implements, vehicles, works of art/historical treasures, library books as well as stand alone and main-frame computer equipment. The threshold for software is \$500,000. All other intangibles have a threshold of \$100,000.

The target date for agencies to have entered and finalized fiscal year 2006 CAFR reportable equipment is August 9, 2006. The MARS documents will need to have a status of "accepted".

Detailed Instructions

AFR 74

Last Date of Entry

1. Enter the date the form is completed.
2. Enter the official agency name.
3. Enter the cabinet and agency number.
4. Enter the calendar date on which the last fixed asset document was accepted for fiscal year 2006.
5. Signature of agency's central asset officer.
6. Enter the phone number of the central asset officer.
7. Signature of agency's head.

Use of the MARS Advantage system for the tracking of all assets

The ADVANTAGE Fixed Asset Module must be used for the tracking of all state assets with a cost of \$500 or more. *This is not an option* as FAP 120-20-01 states: "Agencies shall enter records into the fixed asset system for non-expendable property which promotes financial reporting, safeguarding of assets, and adequate insurance." The fixed asset system referred to in FAP 120-20-01 is the MARS ADVANTAGE Fixed Asset Module. Assets are generally defined as non-expendable items having a useful life of more than one year and a cost of five hundred dollars (\$500) or more. In order for an item to be considered an asset, it must have future economic benefit to the Commonwealth. The Commonwealth uses the following categories of fixed assets: land, improvements (other than to buildings), easements, buildings, depreciable and non-depreciable works of art/historical treasures, equipment, vehicles, other intangibles, construction-in-progress, and software. (It is acceptable to include software cost as part of the total cost of a related personal computer; however, individual software licenses with a cost of five hundred thousand dollars (\$500,000) or more must be recorded individually). In determining the cost of an asset, component parts and all qualifying accessories should be included. Also included in the determination is the cost of freight, installation, and other auxiliary charges paid by the state, less any discounts. The trade-in allowance will not effect the cost of the asset. However, any training expenses incurred at the time of the asset purchase is included as part of the asset cost. Training at a later date is not capitalized; interest expense is never capitalized on purchased assets. If the asset is donated, the cost is equal to the fair market value date of donation.

Each agency is responsible for performing reasonable procedures to ensure that all fixed assets are physically tagged with a property tag that includes the appropriate prefix for their agency.